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TAGS: [ECIN](#) [ECON](#) [EFIN](#) [EUN](#) [PREL](#) [SI](#)
SUBJECT: SLOVENIA: ADDRESS FINANCIAL CRISIS IN CEE ON
CASE-BY-CASE BASIS

REF: A. STATE 23758
[1](#)B. LJUBLJANA 68
[1](#)C. LJUBLJANA 60

[1](#)1. (C) Emboffs met with Ministry of Finance officials Katja Bozic, Director General of Financial Systems, and Andrej Kavcic, Head of the International Finance Department, to discuss Slovenia's views on the Global Financial Crisis. Per reftel A, emboffs urged European leadership and proactive flexible approaches to address the financial turmoil in some Central and Eastern European countries. In reply to emboffs' suggestion regarding EU expansion of assistance beyond the 25 billion euro Balance of Payments facility, Bozic said that Slovenia would support doubling the bailout fund to 50 billion. She noted, however, that Slovenia will follow the EU approach of dealing with each country on a case by case basis. Slovenia is also strongly in favor of keeping the two-year trial period for Eurozone aspirants. Bozic said that from its own experience, Slovenia maintains the position that two years is an appropriate amount of time to prove stability and resiliency. Reflecting Slovenia's desire to avoid divisions within the EU, Bozic also stated that it is important that for the purposes of IMF solutions, Europe not be referred to as "East or West" but as "problem or non-problem countries."

[1](#)2. (C) In addition to the demarche, Bozic and Kavcic also discussed the general state of the Slovenian economy. As the Minister of Economy (ref B) and the Minister of Finance (ref C) did, they expressed satisfaction and relief that Slovenia still has a robust economy relative to many of its neighbors. They credited Slovenia's "conservative" banking system and being a member of the eurozone as the primary factors. While they acknowledged that exports, capital markets and real estate are all down due to the global crisis, they stated that the relative strength of Slovenia's financial sector is keeping the economy strong. Bozic even mentioned with pride that while other countries are facing a "credit crunch", credit activity in Slovenia grew 18% from January 2007 to January 2008.

FREDEN